

PROPOSED PROGRAM TO ADDRESS NATIONAL SECURITY THREATS EMANATING FROM UNITED STATES OUTBOUND INVESTMENTS

This report has been prepared in accordance with a requirement adopted as part of the Consolidated Appropriations Act, 2023 (P.L. No. 117-328 (Dec. 29, 2022)), which reads:

The Department of the Treasury, in coordination with the Department of Commerce and other Federal partners, is encouraged to consider establishing a program to address national security threats emanating from outbound investments from the United States in certain sectors that are critical for U.S. national security. Not later than 60 days after enactment of this Act, Treasury shall submit a report describing such a program including the resources required over the next three years to establish and implement it.¹

SECTION I – Program Overview

The Administration is considering the establishment of a program to address national security concerns arising from outbound investments from the United States into sensitive technologies that could enhance the technological capabilities of countries of concern in ways that threaten U.S. national security. As currently contemplated, the program would be implemented and administered by the Department of the Treasury (Treasury), in coordination with the Department of Commerce and other Federal departments and agencies, and focus on investments that could result in the advancement of military and dual-use technologies by countries of concern. The investments that would be subject to the program are of a nature that they are not presently captured by export controls, sanctions, or other related authorities.

The approach under consideration focuses on outbound investments from the United States into certain entities involved in a sub-set of certain key advanced technologies that are critical to U.S. national security. Action may include prohibiting certain investments and/or collecting information about other investments to inform potential future action. Work is ongoing to ensure clear definitions and scoping as necessary to facilitate swift implementation and achieve the objective of preventing U.S. capital and expertise from being exploited in ways that threaten our national security while not placing an undue burden on U.S. investors and businesses. Work is also ongoing to engage with international partners and allies on the topic. Final policy determinations are expected to be made in the near future and Treasury anticipates that an opportunity for public comment will be provided.

SECTION II – Resources Required for Effective Implementation

In implementing and administering the contemplated program, Treasury anticipates that organizational adjustments and considerable resources will be required. Treasury estimates that

¹ Section 4 of the Consolidated Appropriations Act, 2023 incorporates by reference an accompanying explanatory report. Section 4 provides that the report “shall have the same effect with respect to the allocation of funds and implementation of divisions A through L of this Act as if it were a joint explanatory statement of a committee of conference.” Treasury is covered by Division E of the Act. The requirement is set forth in the explanatory statement accompanying Division E. *See* 198 Cong. Rec. S7819, S8479 (Dec. 20, 2022).

the program would require resources of approximately \$10 million in FY 2023.² This estimate includes: labor costs for staff to draft regulations, set up program operations, and conduct international engagement; IT system development; data and subscriptions; and travel and training. Treasury anticipates that the FY 2024 President's Budget will recommend additional resources to implement and administer the program.

Category	FY 2023 Cost
Labor	\$2,500,000
IT System Development	\$6,500,000
Data and subscriptions	\$250,000
Other direct costs	\$750,000
Total	\$10,000,000

² This \$10 million is allocated as part of Departmental Offices Salaries and Expenses (\$7 million) and Department-wide Systems and Capital Investments Program (\$3 million) operating plans from one-time sources.